

## **PART VII - FUNDING and MEASURING RESULTS**

For the 4,617 reductions that occurred through June 30, 1996, RL incurred total costs of \$96 million. This includes the costs of all separation programs, including cash incentives, pension enhancements, outplacement, medical benefits, educational assistance, and relocation assistance. This corresponds to an average cost per separation of approximately \$20,400.

RL does not expect its average cost per separation for the additional reductions in FY96 and FY97 to differ significantly from the cost experience through June, 1996. Accordingly, there is a projected total cost of \$6.1 - 10.2 million to effect separations of 300-500 positions.

Limited funds are available for implementing the objectives of section 3161 for defense nuclear facilities, including community transition. Benefits for workers at defense nuclear facilities affected by changes due to business or efficiency decisions (including privatization) will be sought from the appropriation of the program making the change.

Section 3161 requires the Plan to be updated no later than one year after its initial release and on an annual basis thereafter. RL will maintain records on the employees' use of the various restructuring activities and the expenditures for those activities, including the amount and source of funding. The update will contain an evaluation of the implementation of the Plan during the preceding year via a summary of participants and costs for restructuring programs, and the Work Force Planning and Performance measures.

## **Summary of Public Comments on this Addendum**

### **PART II - BACKGROUND**

#### **Eligibility Criteria**

- Change 09/27/91 date to 1992 with the new year.

HQ Guidance summarizes the origin and use of the September 27, 1991 date: "In implementing the objectives of Section 3161 of the Act, the Department recognizes a special responsibility to minimize the impact of work force restructuring on employees who participated in efforts to maintain the Nation's nuclear deterrent during the Cold War. September 27, 1991, the day President Bush announced the first unilateral reduction of the Nation's stockpile, has generally been recognized by this Department as the end of the Cold War." This date will continue to be used to recognize employees who have contributed to the DOE's efforts during the Cold War.

### **PART III - OPTIONS TO MINIMIZE LAYOFFS**

#### **Internal Transition of Existing Staff**

- Outsourcing and privatization encourage in-migration of people - should encourage work for Hanford.
- Give employment preference to qualified Hanford personnel in outsourcing and privatization.

Proposed revisions to the preference in hiring section of the HQ Guidance suggest that "the preference should be honored by all prime contractors and by subcontractors whose contracts equal or exceed \$500,000 in value." Therefore, all privatization and outsourcing contracts that meet the established dollar limit, or otherwise established definition, must comply and provide a preference in hiring to eligible Hanford personnel.

- Increase reduced work weeks, but add prorated benefits.  
Move entire Site to a 32-hour work week (cost savings suggestion).
- Flexibility in work schedules for entrepreneurial activities is good. Where is info available?

Flexibility in work schedules is encouraged to the extent they can be accommodated without an impact on the work critical to the mission. To that end, work schedule flexibility was expanded to accommodate entrepreneurial activities within pre-approved programs and guidelines in anticipation of community transition activities. Flexibility in work schedules is incorporated into current HR policies of each company, and additional information can be obtained from the HR organization.

Suggestions regarding a 32-hour work week were forwarded to the Westinghouse Hanford Company Challenge-170 cost savings incentive program team for its consideration.

- Permanent employees who are targeted for lay off should be allowed to bump contract personnel.

As stated in the approved restructuring Plan, the contractors are to limit the use of contract personnel in order to minimize the need to reduce the regular work force. Through June, 1996, the contractors have reduced the number of temporary and contract personnel by over 1,000 positions by using them for peak work loads, and by maximizing the retention of long term projects and work for the regular work force.

#### **PART IV - PROGRAMS FOR SEPARATED WORKERS**

##### **Medical Benefits**

- There is a need for continuing medical coverage for IROF and retiring employees 45 years and older.
- IROF'ed employees should be allowed to pick up retiree medical insurance from the company at retirement age/time of retirement.

Involuntarily separated employees may elect to continue medical coverage under the DOE Displaced Workers Health Benefits Program (DWHBP) until the employee becomes eligible for medical coverage under another program. If the coverage has pre-existing condition limitations or a waiting period before benefits begin, DWHBP coverage may continue until those limitations elapse.

Due to the large number of employers on the Hanford Site, post-employment medical benefits may vary. For specific information at the time of layoff regarding eligibility for retirement and retiree medical coverage, and other medical coverage options, employees are encouraged to consult with their human resources organization.

##### **Enhanced Retirement Program**

By far, the most comments received in response to the draft Addendum were urging the Department to offer an enhanced retirement program similar to the one offered in late 1994. The comments fully addressed the advantages of such a program to lessen the impacts of job losses on workers and the communities, costs, protection of essential skills, and program design. On the strength of these comments, RL reconsidered its position on the utilization of an enhanced retirement program as a possible means to accomplish the needed restructuring of the work force during FY96, and offered an enhanced retirement program, which led to the offering of an ERP to the employees of WHC/BCSR/ICF KH and BHI during the summer of 1996.

##### **Voluntary Reduction of Force**

- Include in the information that VROFs are ineligible for unemployment. Reduces legal fees.

The State Employment Security Department is responsible for determination of eligibility for unemployment insurance benefits. Consequently, it would not be appropriate for DOE or its contractors to make statements regarding eligibility in any VROF information.

- **Reemployment Ban: Define "subcontractor" - is Los Alamos Technical Associates (LATA) included?**

It is the intent of the language contained in the model general waiver and release provided by HQ to conduct true headcount reductions, and prevent employees who have participated in separation programs from returning to a federally funded position. For further guidance regarding the general release and waiver, employees are encouraged to consult personal legal counsel.

- **Separation pay should be based on a person's salary. Current lump sum options target lower paid employees.**
- **Change lump sum option to one year's salary and no other benefits.**
- **Those electing lump sum options should still get education, relocation and extended medical benefits.**

The VROF options were designed to have as wide appeal to employees as possible while keeping the overall average cost at a reasonable level. The two main options of the VROF, lump sum or severance pay based on years of service, were designed to allow the employee to determine which package best met his or her needs. The lump sum option may be more attractive to lower-paid employees, but the severance pay based on service may be more attractive to long service or higher-paid employees. Changing the lump sum option to one year's salary would increase the costs, making voluntary separation programs much more expensive, and thereby eroding the cost advantage of these programs over other forms of separation programs.

- **Increase VROF application window - allow more time to search for alternate employment prior to termination. Accept applications up to the IROF.**

It is necessary to have a limited VROF window in order to review the skills mix of the applicants and assure that critical skills are retained. Also, the use of voluntary programs minimizes the need for involuntary reductions of force.

- **Provide extended medical benefits (at current cost) rather than COBRA (full cost) to VROF participants as additional incentive.**

This benefit is available under Option 1 of the VROF. In order to balance the cost of the overall VROF program, this benefit was removed from Options 2 and 3 in order to provide a larger cash incentive.

#### **Involuntary Reduction of Force**

- **The "time period equivalent to the separation payment period" for repayment of separation pay if rehired is not clear.**

An example was included in the draft Addendum to clarify the language. If an individual receives 5 weeks of severance pay, he or she would have to repay the severance pay if he or she was rehired within 5 weeks of his or her last day of work.

#### **Construction Worker/Building Trades**

- Plan has not addressed the Building Trades. Laid off workers have received none of the 3161 benefits.

The benefits for Building Trades employees eligible for restructuring programs are outlined in the Plan. Implementation procedures have been approved, and the contractors will follow the procedures for administering the benefits.

- Does flexibility in work schedules for entrepreneurial activities apply to the Building Trades?

No, work and shift schedules are set out in the Hanford Site Stabilization Agreement and must be administered in compliance with the terms outlined.

#### **PART V - SPECIAL PROGRAMS**

##### **Preference in Hiring**

- Should not be limited to contractors whose contracts meet or exceed \$500,000. After implementation of Management & Integrating, or Project Hanford Management Contract, there will be many more smaller, shorter contracts.

Establishment of a threshold dollar amount for application of the rehiring preference is intended to support the move to a local economy not dependent on government funding and also not restricted by government administrative control.

##### **Educational Assistance**

- Dollar value of benefit should consider tax and be increased to \$15k.
- Implementation of program should begin within two years of separation, and allow 5 years to complete degrees.

Community representatives including Re-Employment Opportunity Center Staff (contractors), and representatives from CBC and WSU-TC reviewed the suggestions received. HQ Guidance recommends that tuition assistance, and other reasonable and necessary educational expenses, be limited to not more than a total of \$10,000 over a period of not more than two to four years, and this plan allows the maximum dollar amount and the maximum of the time allowance with the extension granted for delayed admittance to a degree program. In addition, RL has not allowed the "gross-up" of employee benefits to include compensation for tax on the benefit.

The community representatives felt that as a benefit to aid a displaced employee preparing for a new career, that it was a reasonable expectation that the use of the program begin within one year of separation. As the result of feedback received from displaced

employees, the community representatives recommended removing the \$5,000 annual limit on reimbursement because it has not aided in eliminating tax liability, and recommended that the eligibility end if the individual became eligible for a new employer's tuition reimbursement program. RL has adopted those two recommendations.

#### **Outplacement Assistance**

- Should be available to all Hanford employees, not just targeted.
- Services should be available for longer than one year.

The requirement that subcontractors and intermittent workers would have to meet the 3161 eligibility criteria to have access to outplacement services was deleted. With the contractors, the Private Industry Council, and Columbia Basin College, as major partners in operating the current center, all displaced workers in the Tri-Cities will have access to some services. Outplacement assistance is not intended to provide placement services to employees whose positions are not impacted by work force reductions. Outplacement services will be available to those eligible employees who are notified in writing by their employer that their job is, or is expected to be, surplus (WARN letter).

RL believes it is necessary that the contractor-provided outplacement assistance continue to be limited to one year in order not to interfere with other community-based organizations' outplacement programs. Individuals who have exhausted contractor-provided services may continue to receive outplacement assistance through the Re-Employment Opportunity Center from organizations such as Columbia Basin College and the Washington State Employment Security Department.

#### **Relocation Assistance**

- Eliminate requirement of other DOE or contractor sites. Although relocation to other than DOE sites may not be allowed, it is the right thing to do.
- Increase benefit to \$5k.

Original parameters of the relocation reimbursement program were developed with public and employee input for the Plan. The Plan already represents a liberal application of this provision by including DOE contractor and subcontractor locations other than DOE sites. Feedback from displaced employees to the community representatives operating the Re-Employment Opportunity Center Staff (contractors and Employment Security), and representatives from Columbia Basin College and Washington State University - Tri Cities indicated that an increase in the amount would not make this benefit more useful to displaced workers.

#### **Prime Contractors to DOE and Intermittent Employees of Site Principal Contractors**

- MAC Technical Services (now ICF Kaiser Engineers, Inc.) employees should have benefits equivalent to those of other principal contractors: extended medical benefits and separation packages (enhanced retirement and a voluntary reduction of force program).

The negotiated Personnel Appendices of each contract are utilized as a basis for the separation programs offered in the Plan. Similarly, the General Support Service Contracts may offer separation packages in accordance with its contract.

The Displaced Workers Health Benefits Program (extended medical benefits) was initiated by HQ in 1992 for employees of "DOE management and operating contractor (M&O)" employees. In the case of ICF Kaiser, DOE believes it is appropriate to extend this coverage to eligible employees and will do so if HQ expands eligibility to other prime contractors.

### **Community Transition**

- Has there been progress in the allowability of Work for Others?

The DOE Order that provides guidance in this area, DOE Order 4300.2C, Work For Others (Non-Department of Energy Funded Work), was most recently revised on December 28, 1994. Therefore, no changes have been made since then for the current contracts. The Project Hanford Management Contract (PHMC) does contain a proposal to allow the use of government-owned facilities, equipment and other property on a non-interference basis for private work and private work for other entities.

### **General**

- Downsizing has gotten rid of the knowledgeable staff and replaced them with kids that don't know about issues or how to resolve them.
- A brain drain will be experienced, and the Addendum has not addressed the hiring of new brain power.

Work force planning and the preservation of critical skills are important in planning restructuring actions. In critical areas where skills are not available within the current work force, contractors are allowed limited recruiting and hiring.

- Carefully consider further reductions to the protective forces - safety.

This comment has been forwarded to the contractor for its consideration.

- Projected reductions for 1996 and budget numbers are not included in the Plan.

When the draft Addendum was released for comment, RL had not developed an estimate of reductions for 1996. We intend to release information regarding work force restructuring as it becomes available, with the caveat that the process of estimating work force impacts is very dynamic and subject to change.

- Additional downsizing during 1996 should be done in conjunction with the contract change over. Major changes will occur then anyhow, why not make it a primary target date for restructuring?

- Employees losing their jobs in the change over to new contractor (M&I/PHMC) have not been addressed. If not offered a job by replacement contractor, what benefits will be available? Enhanced retirement should be offered to those eligible who aren't picked up by the new contractor.
- Project Hanford RFP indicates that employing managers above first line supervisors is not expected - unfair toward older, long-term employees. Enhanced retirement should be offered.

The PHMC will have the sole discretion to determine the number of employees it needs to properly perform its responsibilities. The DOE will not know if reductions will be necessary as a result of the transition to the new contractor until it has reviewed the successful bidder's staffing plan. In the event that a larger number of reductions is necessary due to reductions in the FY97 budget or the contract transition to the Project Hanford Management Contract, the DOE will consider what separation programs, including an enhanced retirement program, would be most appropriate to accomplish the needed work force adjustments.

Those employees that transition to the PHMC, its integrated subcontractors and lower tier subcontractors, are considered continuously employed and not eligible for benefits under the Plan as a result of transition.



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# DOE NEWS

FOR IMMEDIATE RELEASE  
January 10, 1996

## DOE ANNOUNCES WORK FORCE RESTRUCTURING AND REOPENING OF VOLUNTARY SEPARATION PROGRAM AT HANFORD FOR FISCAL YEAR 1996

During the next several months, the U.S. Department of Energy (DOE), Richland Operations Office (RL) and its contractors will be undertaking a number of initiatives to continue to improve the cost effectiveness and efficiency of operations, and to respond to congressionally mandated reductions to the Fiscal Year (FY) 1996 budget.

In February 1995, DOE announced the need to reduce the work force by approximately 4,800 positions during FY 1995 and 1996. To date, approximately 4,350 job reductions have occurred. Needed restructuring efforts within Westinghouse Hanford Company and its subcontractors, BCS Richland, Inc., and ICF Kaiser Hanford, are expected to fill the remaining 450 reductions. To this end, the contractor today announced the offering of a Voluntary Reduction of Force (VROF) program to meet these needs. The VROF program was previously approved as part of the 1995 Hanford Work Force Restructuring Plan.

When considering reengineering and the effects of the reduced FY 1996 budget, there is an additional need to reduce Hanford's work force by another 300 to 500

-more-

positions during FY 1996. This will increase total reductions at the site since October 1, 1994, to 5,100--5,300. Although future impacts could possibly alter this projection, it is the best available at this time. RL is currently working with its contractors to determine what separation programs will be implemented to most effectively accomplish these reductions.

Section 3161 of the National Defense Authorization Act for FY 1993 (Public Law 102-484) requires the Secretary of Energy to develop a work force restructuring plan in consultation with stakeholders to mitigate the impact on workers and communities of work force changes at the DOE's current or former defense nuclear facilities. On January 2, 1996, RL released the draft 1996 Hanford Site Work Force Restructuring Plan Addendum for stakeholder comment. The draft addendum, in connection with the current Hanford Site Work Force Restructuring Plan, offers a comprehensive line of benefits and services to help in lessening the effects of expected job reductions on workers and the community. Stakeholders are encouraged to provide comments on how the plan may be improved. They may do so by submitting comments to:

Mr. Dominic Sansotta, Team Leader  
Contractor Programs Team  
U.S. Department of Energy  
P.O. Box 550, A1-55R  
Richland, WA 99352

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**MEDIA CONTACT:** Guy Schein, Office of External Affairs, (509) 376-7501  
RL 96-004

# Benefits Matrix

	PRINCIPAL CONTRACTOR EMPLOYEES			PRIME CONTRACTORS TO DOE (GSSC)	INTERMITTENT EMPLOYEES	SUBCONTRACT EMPLOYEES	CONSTRUCTION CRAFTS EMPLOYEES
	ENHANCED RETIREMENT	VOLUNTARY ROF	INVOLUNTARY ROF				
Education Assistance <sup>1</sup>	No	Yes w/Severance Pay Option No w/ Lump sum	Yes 3161 Eligible Workers	Yes 3161 Eligible Workers	Yes 3161 Eligible Workers	No	Yes 3161 Eligible Workers
DOE Resume Databank (JOBBS)	No	Yes	Yes	Yes	Yes	Yes	Yes
Employee Assistance Program	Yes	Yes	Yes	In accordance with respective company policies	In accordance with respective company policies	In accordance with respective company policies	In accordance with respective company policies
Relocation Assistance	No	Yes w/Severance Pay Option No w/Lump Sum	Yes 3161 Eligible Workers	Yes 3161 Eligible Workers	Yes 3161 Eligible Workers	No	Yes 3161 Eligible Workers
Outplacement Assistance	No	Yes	Yes	Yes	Yes	Yes	Yes
Extended Medical Benefits	Retiree Plan	Yes w/Severance Pay Option	Yes	ICF Kaiser - Yes <sup>3</sup> Others - Maybe	No	No	No
COBRA Medical Benefits	No	Yes	Yes	Yes If applicable	Yes If applicable	Yes If applicable	Yes If applicable
Separation Payment	No	26 weeks base pay maximum	3161 Eligible Workers - 26 weeks base pay maximum Others - according to contract terms	In accordance with respective company policies	In accordance with respective company policies	In accordance with respective company policies	One time payment 3161 Eligible Workers
Preference in Hiring	No	No <sup>2</sup>	Yes 3161 Eligible Workers	Yes IROFed 3161 Eligible Workers	Yes IROFed 3161 Eligible Workers	Yes IROFed 3161 Eligible Workers	Yes IROFed 3161 Eligible Workers

<sup>1</sup> Can apply on receipt of Layoff/WARN notice.

<sup>2</sup> Except for those who utilize the Education Assistance program, who would receive preference secondary to IROF workers.

<sup>3</sup> Pending DOE-HO policy revision.